

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

TUESDAY, SEPTEMBER 25, 2001
10:07 A. M.

Reported by:
James Ramos
Contract No. 150-001-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Michal C. Moore, Acting Chairman
Arthur H. Rosenfeld, Commissioner
Robert A. Laurie, Commissioner
Robert Pernell, Commissioner

PUBLIC ADVISER

Roberta E. Mendonca

STAFF PRESENT

Steve Larson
Robert Worl
Jim Bartridge
Lance Shaw
James Reade
Kerry Willis
William Chamberlain
Marwan Masri
Gabriel D. Herrera, Esq.

ALSO PRESENT

Ann Trowbridge, Esq.
Downey Brand Seymour & Rohwer

Michael A. Hatfield
Todd Stewart
Calpine Corporation

Allan J. Thompson, Esq.

John P. Grattan, Esq.
Grattan & Galati

Bruce Blowey
Magnolia Power Project

Kari Smith
Power Light

Anoosh Mizany
Director of CALSEIA
Solar Depot, Inc.

Steve Ponder
FPL Energy LLC

Jonathan Hill
Sierra Solar Systems

Duane B. Campbell
Light Energy Systems

Don Loweburg
Independent Power Providers

William R. Bottenberg
EcoEnergies

Gary Gerber
Sun Light & Power Co.

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1 P R O C E E D I N G S

2 10:07 a.m.

3 ACTING CHAIRMAN MOORE: Good morning,
4 everyone. Welcome to the California Energy
5 Commission special business meeting for Tuesday,
6 September 25th. It will come to order.

7 Commissioner Pernell, would you lead us
8 in the pledge.

9 (Whereupon, the Pledge of
10 Allegiance was recited in unison.)

11 ACTING CHAIRMAN MOORE: Commissioner
12 Keese is absent today on state business. There
13 will be four of us conducting business today. And
14 we'll pick up, in place of the consent calendar,
15 where the Seawest Windpower item has been moved to
16 October 3rd, we'll take up the special items that
17 are listed as 16 and 17, which is a carryover of
18 the Los Esteros Critical Energy Facility and we'll
19 consider the matter of data adequacy. And we have
20 a staff member to give us a report on the
21 Executive Director's recommendation. And Los
22 Esteros Critical Energy Facility application is
23 Docket 01-AFC-12.

24 Good morning.

25 MR. WORL: Good morning, Commissioner

1 Moore. My name is Robert Worl. I am the project
2 manager for the Los Esteros Critical Energy
3 Facility. This was originally known as US
4 Dataport. The current project is proposed as a
5 substitute project for the original Dataport
6 diesel generation project in North San Jose.

7 The project originally came to us
8 August 6th and was deemed inadequate at the
9 August 22nd business meeting. September 14th we
10 had material resubmitted, a supplement, and the
11 staff has subsequently found the project to be
12 adequate for both a 12- and a four-month process.
13 Applicant has requested that this project be
14 reviewed as a four-month project, and staff
15 concurs that we should go forward with that
16 process.

17 The project is in North San Jose, as I
18 said, at the corner of Zanker and State Route 237,
19 and it's a 180-megawatt simple-cycle project at
20 phase one. And the Applicant will be using
21 recycled water and, I guess, basically the project
22 as we reviewed it is data adequate at this time,
23 and we're asking that the Commission concur with
24 the staff and the Executive Director's finding of
25 that fact and appoint a committee to hear the

1 project.

2 COMMISSIONER LAURIE: Mr. Chairman?

3 ACTING CHAIRMAN MOORE: Commissioner
4 Laurie.

5 COMMISSIONER LAURIE: I would move the
6 Executive Director's recommendation.

7 ACTING CHAIRMAN MOORE: A motion; is
8 there a second?

9 COMMISSIONER PERNELL: Second.

10 (Seconds.)

11 ACTING CHAIRMAN MOORE: Seconded by
12 everyone. Discussions on the motion?

13 All those in favor signify by saying
14 aye.

15 (Ayes.)

16 ACTING CHAIRMAN MOORE: That motion
17 carries four to zero and the project is deemed
18 data adequate, and I had a request from Terry to
19 assign Commissioner Keese first and second to this
20 case. I'm going to have to decline that
21 respectfully, and I'll assign myself second,
22 Commissioner Keese to be presiding member on the
23 case.

24 (Laughter.)

25 ACTING CHAIRMAN MOORE: Is there a motion?

1 COMMISSIONER PERNELL: So moved.

2 COMMISSIONER ROSENFELD: Second.

3 ACTING CHAIRMAN MOORE: Moved by
4 Commissioner Pernell, seconded by Commissioner
5 Rosenfeld. All those in favor signify by saying
6 aye.

7 (Ayes.)

8 ACTING CHAIRMAN MOORE: Those opposed?
9 That motion carries.

10 MR. CHAMBERLAIN: Commissioner Moore?

11 ACTING CHAIRMAN MOORE: Mr. Chamberlain.

12 MR. CHAMBERLAIN: I'd just note that you
13 didn't ask if any member of the public wanted to
14 address the issue.

15 ACTING CHAIRMAN MOORE: I didn't, and
16 it's an oversight, I apologize. So perhaps the
17 Applicant would like to say something and perhaps
18 there are members of the public.

19 MS. TROWBRIDGE: Thank you, Commissioner
20 Moore. My name is Ann Trowbridge and I'm an
21 attorney with Downey Brand here in Sacramento. We
22 represent Calpine c*Power with respect to the Los
23 Esteros Critical Energy Center, and I wanted to
24 introduce Todd Stewart, who is with Calpine
25 c*Power and is the project manager. And we

1 appreciate the finding of data adequacy and are
2 looking forward to working with the Commission and
3 staff during the form and process.

4 ACTING CHAIRMAN MOORE: Thank you very
5 much. I think you have your work cut out for you,
6 given the pace that the staff moves on these.
7 Good luck to you.

8 And is there any member of the public
9 who would like to address us on the Los Esteros
10 project?

11 Thank you very much.

12 MR. WORL: Thank you.

13 ACTING CHAIRMAN MOORE: Let's move,
14 then, to item two, the Inland Empire Energy
15 Center, a similar type of project. The Executive
16 Director's data adequacy recommendation is before
17 us on a six-month 670-megawatt power plant located
18 in Riverside County, Docket 01-AFC-17.

19 Good morning.

20 MR. BARTRIDGE: Good morning,
21 Commissioner. My name is Jim Bartridge. I'm the
22 project manager for the Inland Empire Energy
23 Center. Behind me is the staff attorney for the
24 project, Paul Kramer. The AFC was filed on
25 August 17th and we're here to present the

1 Executive Director's data adequacy recommendation.

2 We recommend that the Commission find
3 the AFC inadequate and adopt the enclosed list of
4 deficiencies. Of the 23 technical areas reviewed,
5 we found that the application was deficient in 12
6 areas under the 12-month process, and seven areas
7 under the six-month process.

8 The project is located in Western
9 Riverside County, near the Cities of Perris and
10 Hemet, and we expect the Applicant to be coming
11 back in rather immediately and meeting our --
12 we've been working with them on our data adequacy
13 at this time.

14 ACTING CHAIRMAN MOORE: How many
15 elements are inadequate at this point?

16 MR. BARTRIDGE: At this time for the 12-
17 month process there are 12 elements inadequate,
18 and under the six-month process seven areas
19 inadequate.

20 ACTING CHAIRMAN MOORE: Thank you.
21 Perhaps the Applicant would like to add some
22 comments to this?

23 MS. TROWBRIDGE: Yes. Again, I'm Ann
24 Trowbridge of Downey Brand and our firm is
25 representing Inland Empire Energy Center LLC with

1 respect to this project.

2 Inland Empire is a wholly owned
3 subsidiary of Calpine Corporation. Mike Hatfield
4 is here from Calpine and he is the project --

5 ACTING CHAIRMAN MOORE: You have to
6 speak closer to the microphone.

7 MS. TROWBRIDGE: Oh, Mike Hatfield is
8 the project manager from Calpine and he is here
9 today to present Calpine's position.

10 MR. HATFIELD: Well, we're pleased to be
11 here this morning and we accept the findings of
12 the CEC staff and we'll be working very closely
13 with them over the next several weeks to get the
14 application up to data adequacy.

15 ACTING CHAIRMAN MOORE: Good. We'll
16 look forward to seeing you on another day.

17 The Chair will entertain a motion to
18 find this project data inadequate at the current
19 time.

20 COMMISSIONER PERNELL: Mr. Chairman, I
21 would move that Executive Director's findings that
22 this project is inadequate at this time.

23 COMMISSIONER ROSENFELD: Seconded.

24 ACTING CHAIRMAN MOORE: Moved by
25 Commissioner Pernell, seconded by Commissioner

1 Rosenfeld.

2 Discussion?

3 All those in favor signify by saying
4 aye.

5 (Ayes.)

6 ACTING CHAIRMAN MOORE: Those opposed?

7 That motion carries.

8 Obviously, we have no need for three, no
9 need to assign a committee.

10 Items four and five I understand have
11 moved to the October 3rd meeting at this time.

12 That brings us to item six, Roseville
13 Energy Facility, and we have a staff
14 recommendation and the Executive Director's
15 recommendation regarding data adequacy.

16 Good morning.

17 MR. SHAW: Good morning. Commissioners,
18 I'm Lance Shaw, the siting project manager for
19 this project, and Kerry Willis, staff counsel, is
20 here.

21 On August 10th, 2001 Roseville Energy
22 Facility, LLC, a wholly owned subsidiary of Enron
23 North America, filed an application for
24 certification, AFC, for a nominal 900-megawatt
25 power plant called the Roseville Energy Facility.

1 The proposed site is about five miles northwest of
2 downtown Roseville. It's approximately a mile and
3 a half west of Sun City, Roseville. The site is a
4 22-acre parcel owned by the City of Roseville, and
5 the project will use a 21-acre parcel, also owned
6 by the City, as a laydown area for construction.

7 The proposed site is about one-tenth
8 mile north of the City of Roseville's Pleasant
9 Grove Wastewater Treatment Facility that is
10 scheduled to be operational in late 2002, early
11 2003. The treatment plant will be the source of
12 the project's 3300-gallon-per-minute plant water
13 supply. It will be a zero-liquid-discharge
14 system. Potable water will be supplied by the
15 City of Roseville via a new water line of
16 approximately 2.9 miles long.

17 Natural gas will be supplied by tapping
18 a PG&E line approximately five miles southeast of
19 the plant site. Power generated will go to the
20 Western Area Power Administration substation via a
21 new 230kv line approximately ten miles in length.
22 Since this ties into Western's Roseville
23 substation which is southeast of the site, there
24 will be a joint review of the project with
25 Western, and Western will be the lead federal

1 agency.

2 If the plant is approved by the Energy
3 Commission, the Applicant plans to complete
4 construction of the power plant over a period of
5 approximately 24 months and, based on construction
6 starting about fourth quarter '02, it will be
7 fully operational fourth quarter 2004. The cost
8 to construct the facility will be between \$350-
9 and \$450 million. It is proposed as a 12-month
10 AFC.

11 When this AFC does become data adequate,
12 the Energy Commission staff will be working
13 jointly with Western under a memorandum of
14 understanding, similar to what was done in the
15 Blythe Energy Project, and also ongoing with the
16 Rio Linda/Elverta Power Project. In a California
17 Energy Quality Act, CEQA, and NEPA, National
18 Environmental Policy Act review process our staff
19 has found and reviewed the application to be data
20 inadequate in 14 of 23 categories. The Applicant
21 has supplied our staff meanwhile with a
22 supplement, which our staff is currently
23 evaluating.

24 We recommend that you find the Executive
25 Director's recommendation of data inadequacy hold,

1 that it be data inadequate. I anticipate that our
2 staff will complete the evaluation of the
3 supplement within a few days. If all categories
4 are found to be data adequate, staff is
5 recommending that it come before the business
6 meeting again October 3rd.

7 ACTING CHAIRMAN MOORE: Perhaps a word
8 from the Applicant's representative?

9 MR. THOMPSON: Thank you very much,
10 Commissioner. My name is Allan Thompson and I
11 represent this project.

12 First of all, we appreciate the efforts
13 of staff, during these trying times and with the
14 load that this Commission is facing, to be able to
15 get to the material we have submitted and reviewed
16 all of the areas except four is my understanding.
17 We accept today's recommendation of data
18 inadequate.

19 We look forward to seeing you next week
20 at the first October meeting and working with
21 staff to satisfy staff requirements on data
22 inadequacy in preparation for that meeting.

23 ACTING CHAIRMAN MOORE: I reiterate my
24 comments before. This is a challenge for staff
25 and I wish you well in it. I know the staff is

1 working as hard as they can, given the wide range
2 of projects that they have to deal with today.

3 The Chairman will entertain a motion to
4 find the project data inadequate, per the
5 Executive Director's recommendation.

6 COMMISSIONER LAURIE: Public comment,
7 Mr. Chairman?

8 ACTING CHAIRMAN MOORE: I'm sorry, I
9 should have asked for public comment. Is there
10 any on this project?

11 Thank you. Is there a motion to adopt
12 the Exclusive Representative's recommendation?

13 COMMISSIONER PERNELL: Mr. Chairman, I
14 would move the Exclusive Representative's
15 recommendation for inadequate at this time, data
16 inadequate.

17 COMMISSIONER ROSENFELD: Seconded.

18 ACTING CHAIRMAN MOORE: Seconded by
19 Commissioner Rosenfeld.

20 Discussion on the motion?

21 All those in favor signify by saying
22 aye.

23 (Ayes.)

24 ACTING CHAIRMAN MOORE: That motion
25 carries, four to zero.

1 We have one final power plant project on
2 the agenda today, the Magnolia Power Plant
3 Project, and the consideration of the Exclusive
4 Representative's data adequacy recommendation for
5 same. This is a six-month 250-megawatt power
6 plant located in the City of Burbank, Docket
7 01-AFC-6.

8 Mr. Reade, good morning.

9 MR. READE: Good morning, Chairman
10 Moore, Commissioners. My name is James Reade and
11 I'm the Energy Facility Siting Division's project
12 manager assigned to the Magnolia Burbank Power
13 Plant Project, AFC-01-6.

14 On May 21st, the Southern California
15 Public Power Authority, a Joint Powers Agency
16 comprised of a number of different cities in the
17 Los Angeles Basin, submitted an application for
18 certification for a 250-megawatt combined-cycle
19 plant to be located on the City of Burbank
20 Department of Electricity's existing site. This
21 particular plant would require no outside linears,
22 and based upon conversations with staff, has
23 decided to use reclaimed water for all water needs
24 other than potable for human consumption and fire
25 protection.

1 The staff completed its data adequacy
2 review of the AFC supplement that was submitted on
3 September the 4th and has determined that the
4 application for certification is now complete and
5 contains all the information required by our
6 regulations. Additionally, the Applicant
7 requested an expedited six-month process allowed
8 under the Public Resources Code. We have also
9 determined that this too is adequate.

10 We are requesting that the Commission
11 approve the Exclusive Representative's data
12 adequacy recommendation for both the six- and 12-
13 month process.

14 ACTING CHAIRMAN MOORE: Good.
15 Mr. Grattan, I am assuming you are not going to
16 disagree with that.

17 MR. GRATTAN: Certainly not. Good
18 morning, Commissioners. John Grattan, Grattan and
19 Galati and we represent the project developer, the
20 Southern California Public Power Association.

21 On my right is Bruce Blowey, who is the
22 project manager, and I'd like to introduce in the
23 audience Doug Hahn from URS, who did yeoman's
24 service here in getting the application data
25 adequate.

1 Bruce, if you have a word or two to
2 say -- We look forward to working with the
3 Commission and staff here.

4 MR. BLOWEY: We're pleased to be data
5 adequate at this time and look forward to working
6 with the staff and the Commission through the next
7 phase. Thank you.

8 ACTING CHAIRMAN MOORE: Thank you very
9 much.

10 COMMISSIONER PERNELL: A question,
11 Mr. Chairman.

12 ACTING CHAIRMAN MOORE: Commissioner
13 Pernell.

14 COMMISSIONER PERNELL: And this is to
15 Mr. Reade: Your requesting a six- and 12-month
16 approval?

17 MR. READE: They've met the requirements
18 for both the six-month process and, vis-...-vis, the
19 12-month process.

20 ACTING CHAIRMAN MOORE: But your
21 intention is to process it under the six-month
22 rule.

23 MR. READE: Correct, sir.

24 COMMISSIONER PERNELL: Is that the
25 Applicant's intention?

1 MR. READE: Absolutely.

2 COMMISSIONER PERNELL: Thank you,
3 Mr. Chairman.

4 ACTING CHAIRMAN MOORE: He rested up,
5 somehow. He must not have had any recent
6 projects.

7 (Laughter.)

8 ACTING CHAIRMAN MOORE: Chairman, I'll
9 entertain a motion to adopt the Exclusive
10 Representative's recommendation.

11 COMMISSIONER PERNELL: Mr. Chairman, I
12 would move the Exclusive Representative's
13 recommendation.

14 (Seconds.)

15 ACTING CHAIRMAN MOORE: Seconded by
16 Commissioner Rosenfeld.

17 Is there any public comment on the
18 motion?

19 All those in favor signify by saying
20 aye.

21 (Ayes.)

22 ACTING CHAIRMAN MOORE: Those opposed?

23 That motion carries. We need to assign
24 a committee and, for the time being, I'm going to
25 assign Commissioner Laurie as Presiding and

1 Commissioner Rosenfeld as the second member.

2 COMMISSIONER PERNELL: Mr. Chairman, I
3 would so move that committee.

4 ACTING CHAIRMAN MOORE: Seconded.

5 All those in favor signify by saying
6 aye.

7 (Ayes.)

8 ACTING CHAIRMAN MOORE: Those opposed?
9 That motion carries.

10 MR. READE: Thank you, sir.

11 ACTING CHAIRMAN MOORE: Thank you very
12 much.

13 Let me just go through the other
14 miscellaneous items before we get on to the
15 renewables element. Any committee reports? Chief
16 counsel?

17 MR. CHAMBERLAIN: Yes, Mr. Chairman. I
18 will need a brief closed session with the
19 Commission for a matter of litigation.

20 ACTING CHAIRMAN MOORE: All right. Then
21 we'll go into closed session in the adjoining room
22 just after this meeting adjourns for a discussion
23 of some litigation matter.

24 Mr. Executive Director?

25 MR. LARSON: Nothing today,

1 Mr. Chairman.

2 ACTING CHAIRMAN MOORE: Public Adviser?

3 PUBLIC ADVISER MENDONCA: Thank you,
4 Commissioner Moore. Nothing today.

5 ACTING CHAIRMAN MOORE: All right. That
6 brings us to our concluding item, which is item
7 ten, the Renewable Resources accounts, and, as Mr.
8 Masri is coming up, let me just offer a couple of
9 introductory comments on this.

10 This program has been running now for on
11 to four years and arguably represents one of the
12 more successful elements of endeavor that this
13 Commission has ever attempted. We've managed a
14 portfolio of \$500 million and I believe provided
15 tremendous incentives to the market and tremendous
16 guidance to the renewable community that was
17 missing before we started this.

18 It has been a dynamic process. We've
19 had rules that we set up for each of our
20 subaccounts, and we've attempted to modify those
21 rules as needed when we've seen that there was an
22 error in some of the procedures or when we've seen
23 that market changes demanded some shift.

24 You'll note that given the adjournment
25 of the Legislature without the bill that included

1 our new investment plan or the MOU for Southern
2 California Edison which included a version of a
3 renewable portfolio standard, this is at the
4 current date the only program out there that is
5 dealing with renewable energy. And it is, as I've
6 said before, ongoing, and attempting to make sure
7 that we manage our affairs so as to be responsive
8 to the market and responsive to changing
9 conditions in the outer world.

10 In order to do that, periodically we
11 have to review how much money is left in the
12 account. And, by the way, this is one of the only
13 programs I can think of in the state energy world
14 that is actually funded by real money and not
15 funded by an expectation of a bond that is yet to
16 pass or some other change that has yet to happen.
17 So, in a sense, we're dealing with not quite cash
18 but the ability to expend real money out of our
19 funds.

20 And our program periodically looks out
21 to see how much is left in each account, how the
22 accounts are performing, and then, using our
23 knowledge and our experience with the entire
24 market, and that includes a lot of different
25 subcategories of energy providers ranging from

1 wind to biomass to solar -- photovoltaics, for
2 instance, or solar thermal in the case of some of
3 the Emerging programs, we attempt to match what is
4 known in the market with the money that we have
5 left and to make sure that we are spending the
6 money appropriately to give the biggest bang for
7 the buck.

8 Right now we assume that there will be a
9 market out there for the program as we started it,
10 and we assume that the procedures that we have set
11 in motion, lo these many years ago, are still
12 valid, and that is that we adjudicate this in a
13 public forum and that we do not respond to pointed
14 political pressure in one form or another, we
15 don't behave like other programs that are guided
16 by a political constituency that rises or falls
17 and makes its will known at a certain point in
18 time.

19 We don't want to disenfranchise any
20 program to the benefit of any other. We want to
21 be as fair as we can over the longest period of
22 time, and make sure that the market as a whole
23 behaves responsibly.

24 Now, in response to press inquiries and
25 public inquiries, I will say yes, we are very well

1 aware that there have been allegations of misuse
2 of the program and/or some accounting
3 irregularities that have been put in some of the
4 applications, and that we will, in fact,
5 investigate those. We've always had the capacity
6 to investigate irregularities, and, frankly,
7 haven't really found it necessary in the past.
8 But now that there are tightened conditions and
9 perhaps the incentive to game the market, I assure
10 you, I assure the press and my colleagues and the
11 administration that we will investigate every one
12 of these allegations and that until they're solved
13 satisfactorily, no money will flow, none, where
14 there is any question mark about an irregularity.

15 So I just want everyone to understand
16 that we're behaving responsibly and we do all of
17 our work in the public arena and make sure that
18 every one of our rules is open to public debate,
19 and that they're fairly adjudicated before we make
20 our decisions. But again, the whole program is
21 based on taking information and making responsible
22 decisions at this level, at the Commission level,
23 on behalf of the program.

24 Mr. Masri, would you introduce the items
25 that are before us today, including an explanation

1 of the relationship between the SB 90 funds and
2 the 29x funds, and discuss how we were in a
3 position to make a reallocation and on what basis
4 we were doing so, and then I will turn to
5 Mr. Herrera to talk about the changes in the
6 Guidebooks that are upcoming in each one of the
7 subaccounts. Mr. Masri.

8 MR. MASRI: Thank you, Commissioner
9 Moore. The action before you Commissioners today
10 is to reallocate \$16.2 million, which is three
11 percent of the \$540-million fund to the Emerging
12 Account. This is pursuant to SB 90 and the
13 Commission's policy report that is incorporated
14 into SB 90 by reference that directs that the
15 first three percent of available unused funds be
16 reallocated to the Emerging Fund. So that is
17 getting out what the SB 90 directive to the
18 Commission is.

19 Furthermore, the money to be allocated
20 within the Emerging Account is based on
21 percentages in Senate Bill 90. Those percentages,
22 according to Senate Bill 90, are not less than 60
23 percent of the funds in the Emerging Account.
24 SB 90 funds shall go to small systems, those are
25 10 kilowatts or less; not less than 15 percent

1 shall go to medium-sized systems.

2 That's the extent of the direction of
3 SB 90 as far as the allocation of these funds
4 among different sizes. By implication, then,
5 large systems which is greater than 100 kilowatts,
6 may receive no more than 25 percent of the
7 allocated funds. So we are proposing, then, that
8 that \$16.2 million be allocated along those
9 percentages.

10 The source of this fund is from two
11 other accounts within the Renewables Fund: the
12 Customer Credit Account, given the direct access
13 market, the latest PUC decision virtually does not
14 exist for new customers. We are certain that we
15 have enough money to meet the needs of the
16 customers already signed up and being served by
17 their providers, and money left over after that,
18 that allows us to take \$10 million from the
19 Customer Credit that we are certain we will not
20 need and put it in the Emerging Account.

21 The remaining \$6.2 million comes from
22 the \$80 million that this Commission already
23 reallocated from Existing Account to the New
24 Account to conduct two auctions. And those
25 auctions had allocated money to be paid in bonuses

1 for projects that come on line early, to penalize
2 projects that come on line late. And now we know
3 that there is no need for those bonuses for many
4 projects that did not make it early enough, and
5 that allows us to take easily \$6.2 million from
6 that money and add it to the Emerging Account.

7 The Existing Account, just to clarify
8 this point that's come up from communications I
9 had with some stakeholders, there is no additional
10 money being reallocated from the Existing Account.
11 This is important. It's not an additional
12 allocation besides reallocation, because that's
13 what the Commission has already done in the past.
14 This is simply using some of the money that was
15 reallocated from Existing for another purpose;
16 namely, the Emerging Account.

17 As usual, when we make a recommendation
18 for reallocation, we conduct forecasts with the
19 different needs of the accounts from which the
20 money is being taken. And we are certain we will
21 be able to meet the needs of the Existing and the
22 Customer Credit Account to the end of the
23 transition period, which is this year, for which
24 SB 90 money applies.

25 We are doing this allocation, it's

1 required by SB 90, but also responding to a need
2 in the Emerging Account. It has been
3 oversubscribed in all sizes; however, SB 29x added
4 \$22 million to small systems earmarked by law for
5 small systems I believe it was in July, and at
6 that point the small systems now have money
7 available to them, but it's not from the original
8 allocation that's already been oversubscribed,
9 it's from the new money allocated by 29x.

10 I think I've covered the points I want
11 to make. In addition, this is just one item you
12 are voting on. In addition, you are also -- We
13 are making changes to our Emerging Account rules
14 to reflect the new program the Public Utilities
15 Commission set in place in early July this year.
16 Out of AB 970 the PUC now has a program to fund
17 emerging technologies, renewables greater than 30
18 kilowatts. And the fund there is at least \$33
19 million per year. We wanted to make sure there is
20 no double-dipping between the two programs, so one
21 of the changes we're making is their incentive
22 level is the same as ours, for 50 per watt or 50
23 percent of the capital costs. We're going to make
24 sure that projects don't get more than that from
25 both programs combined to prevent double-dipping.

1 The third item is we are continuing the
2 level of the Customer Credit at one cent per
3 kilowatt hour to the end of this year. The
4 Commission is required to revisit this every six
5 years and decide whether to extend it, lower it,
6 raise it or whatever, and the recommendation here
7 is to continue it to the current level to the end
8 of this year. And there are other technical
9 changes we are making in the Guidebooks.

10 So I think that summarizes what the item
11 is in --

12 ACTING CHAIRMAN MOORE: Well, let's go a
13 little bit farther into the Existing Account for
14 just a second. Could you go through a summarize
15 what the expectations are about the SRAC level in
16 the coming months and the relationship of that to
17 the Existing Accounts, what we're likely to need
18 as far as payments go.

19 MR. MASRI: We have looked at three
20 scenarios, what the demand for funds in Existing
21 might be in the remaining part of this year, and
22 those scenarios are the first scenario that
23 assumes high SRAC of 5.24 cents will leave the
24 Existing Account with these current reallocations
25 on with a surplus of \$7 million. Our low

1 market -- If you take a low scenario for volt
2 cost, remember the lower the volt cost the more we
3 pay, because we pay the difference between that
4 and the target. If we take the low scenario, then
5 we are left with roughly \$786,000, just a little
6 bit of a surplus at the end of the year.

7 If we take what we consider worst in the
8 worst case, assume that market price is going to
9 be 2 1/2 cents for the end of the year, then that
10 account, the Existing Account will develop a
11 deficit of about \$10 million. Now, if that should
12 occur, which is highly unlikely, then there is
13 money in other accounts that we anticipate will
14 remain unused that could be used to fill this
15 deficit. For example, the Customer Credit
16 Account, even though we're taking \$10 million out
17 of that, we anticipate there will be an additional
18 about \$6 million remaining.

19 Because now we know what the extent of
20 the market is; it cannot grow, it can only be a
21 maximum of what it is today. It could actually --
22 Attrition could happen there, we didn't factor
23 that in at all, and so being conservative, we
24 still have that money there. It could be used in
25 the unlikely case that the Existing develops a

1 deficit.

2 Additionally, in the New Account, there
3 is still additional money we could take for the
4 same purpose that was allocated for bonuses or
5 penalties and that could add another maybe \$6
6 million. So even under the very worst case, we
7 are confident that we can meet the needs of the
8 Existing Account with this reallocation.

9 ACTING CHAIRMAN MOORE: What you're
10 describing is the end product of our objective of
11 trying to make sure that the \$540 million was
12 fully allocated by the end of the four-year
13 period, which would be the end of December of
14 2001.

15 MR. MASRI: To where it's most
16 effective, yes.

17 ACTING CHAIRMAN MOORE: And could you go
18 through and just summarize for us the performance
19 in the Emerging Account to date, and go back and
20 reiterate the relationship between our program and
21 the PUC program.

22 MR. MASRI: The Emerging Account, for
23 the first year or two of operation, was really not
24 very active. We had very low activity in it, we
25 had lots of money sitting in it waiting to be

1 reallocated somewhere else if the market did not
2 change.

3 And beginning in January of this year,
4 we began to see a really significant increase in
5 activity. Today we are running at ten times the
6 amount of applications that were coming in at the
7 end of last year. So we have seen tremendous
8 growth in that market. Obviously, it's linked to
9 the California energy crisis and customers'
10 feeling of wanting to have some control over their
11 energy supply and costs and so on.

12 So we've seen this program really come
13 into play where the conditions warranted it. And
14 that's what I referred to earlier, that this
15 tremendous activity we experienced recently has
16 caused us to be oversubscribed in all sizes. We
17 now have a queue in-house for large systems, over
18 100 kilowatts, that we don't have funding for.
19 This reallocation will make about \$4 million
20 available for that size category to fund part of
21 the queue.

22 I'd like to reiterate again that the PUC
23 program that's up and running right now funds only
24 large systems and has \$33 million per year in it.
25 Now, there are issues there surrounding PG&E

1 bankruptcy and uncertainty that it may throw into
2 the process of getting money there. But the fact
3 is that the program is up and running and the PUC
4 assures us that they are ready to fund those
5 projects.

6 The remaining, the medium-sized also
7 oversubscribed to the tune of about \$2 million,
8 and this reallocation will be just sufficient to
9 deal with that, the breakdown that we are
10 suggesting, will deal with the oversubscription in
11 the medium account.

12 The category that's important here is
13 not funded at the PUC, is sizes 10-to-30
14 kilowatts. The PUC funds nothing below 30
15 kilowatts, and so that category really has only
16 one option here, as well as the small systems.
17 And so we are taking the medium, the 15 percent
18 that is to be allocated to medium systems and
19 we're saying 75 percent of that should be to those
20 projects that don't have the PUC option and,
21 therefore, we are the only funding option for
22 them.

23 And the small system account, again, was
24 oversubscribed but for the addition of money from
25 29x. The addition of money from 29x and the

1 amount of money today in the small portion of that
2 account, the current rate we're funding small
3 systems right now, we can go another four-plus,
4 4.4 to be exact months of funding small systems
5 before we run out of even 29x money. This
6 reallocation of adding roughly \$9 million to the
7 small systems will allow us to fund them for two
8 more months beyond that.

9 And so the activity really is we have
10 seen it in all sizes, and it's just so prominent
11 in the large size, the deficit, only because the
12 law right now says no more than 25 percent of that
13 money can go to those systems, so obviously they
14 were oversubscribed.

15 We are asking in the investment plan
16 that's before the Legislature right now that the
17 Commission be given the option to adjust those
18 firewalls of percentages depending on market
19 needs, because obviously that will enhance
20 efficiency by administration of the fund. But
21 until we get that, we don't think we have the
22 flexibility to change those percentages.

23 ACTING CHAIRMAN MOORE: All right. Now,
24 let me just -- One last thing, and that is, Mr.
25 Herrera, would you outline the difference between

1 the SB 90 allocations and Emerging and the 29x
2 allocations and the discretion that's available to
3 the Commission.

4 MR. HERRERA: Yes, I will, Commissioner
5 Moore.

6 SB 90 funds, and that is codified in
7 Section, Public Utilities Code Section 383.5,
8 those funds have certain requirements tied to
9 them. One of those requirements is this
10 distribution requirement that Marwan mentioned, no
11 less than 60 percent for small funds -- excuse me,
12 small systems; no less than 15 percent for medium
13 systems.

14 Just a point of clarification, the
15 Commission has discretion. If it wanted to
16 allocate more than 60 percent for small systems
17 and more than 15 percent for medium systems, it
18 could do that. So given the discretion in the
19 law, the Commission could allocate no money for
20 large systems if it chose to do that.

21 Anyway, with respect to SB 90 itself,
22 the law is clear that any funds originating from
23 SB 90 be subject to these distribution
24 requirements; hence, any rollover likewise has to
25 be subject to this distribution requirement of no

1 less than 60 for small, no less than 15 percent
2 for mediums.

3 The AB 29x fund is different. It came
4 with its separate constraints and the Legislature
5 in that law specifically said the Commission could
6 only allocate that money for small systems that
7 were 10kw and smaller. So unfortunately, our
8 hands are tied with respect to how we appropriate
9 that money.

10 Moreover, applying the distribution
11 requirements of SB 90 to the AB 29x would be
12 contrary to the express language in the statute.
13 So I don't think we want to go there.

14 I want to follow up on a couple of other
15 items too that Marwan didn't touch in that will be
16 required as changes to the Guidebook. One is the
17 creation of two subcategories under the medium-
18 sized system category in the Emerging Account.
19 That category is from 10kw to 100kw. We're going
20 to split it up so that there's two subcategories,
21 one between ten and 30, and one between 30 and
22 100kw. And again, for the reasons Marwan
23 outlined, to make sure that there's adequate
24 funding for those systems not being funded or not
25 eligible for funding under the CPUC's self-gen

1 program.

2 The other changes that we're going to be
3 making are to the Customer Credit Subaccount
4 Guidebook -- That's Volume IV -- and that would be
5 to extend, or to maintain the credit level at one
6 cent per kilowatt hour. What the Commission had
7 approved before was a credit level through, I
8 believe, July of 2001, and then it indicated that
9 it was going to take future action to set that
10 credit level between July 2001 and December. And
11 this is the action that we're taking now, we're
12 essentially continuing or maintaining the credit
13 level at one cent per kilowatt hour.

14 ACTING CHAIRMAN MOORE: Based on our
15 forecast of available funds and the demand that we
16 have extant in that program.

17 MR. HERRERA: That's correct.

18 ACTING CHAIRMAN MOORE: All right. One
19 last item, and that is that I have had a further
20 discussion with the president of the PUC, Loretta
21 Lynch, to ask her about the large systems program
22 at the PUC, and she assures me that they intend
23 and are committed to use that money in a timely
24 way to fund large systems. She understands the
25 queue that we're facing. She understands the

1 demand that's out there and is supportive of the
2 allocations that we're making the recommendation
3 that we have that the large systems try and take
4 advantage of what is available at the PUC. I'm
5 encouraged by that.

6 Are there questions for staff before I
7 open this to public comment?

8 COMMISSIONER PERNELL: I have one
9 question, just a clarification, and that is the
10 large systems that you mentioned, Marwan, is that
11 30 kilowatts and above or 100 kilowatt --

12 MR. MASRI: Hundred and above, above a
13 hundred.

14 COMMISSIONER PERNELL: A hundred and
15 above.

16 MR. MASRI: Yes.

17 COMMISSIONER PERNELL: Okay.

18 ACTING CHAIRMAN MOORE: Let me, by way
19 of introducing public comment, indicate that
20 Mr. Steve Kelly is in the hospital today with a
21 sort of infection that they put him in for. He
22 can't be here, obviously, but he'd like to
23 indicate that he would speak against the transfer,
24 I believe on behalf of IEP, and he believes that
25 the Existing may need it, per the SRAC

1 assumptions, and even if they don't, given that
2 there is no investment plan today he believes that
3 the money would be better spent on another new
4 auction.

5 And, as Mr. Masri has indicated, we've
6 tried to anticipate what that SRAC level might be
7 in the most dire case. We believe that we're
8 covered by this, but I obviously respect IEP's
9 opinion, and to just add a bolster to the staff,
10 we've been very successful with those auctions.
11 So it's a nice recommendation to step onto
12 something that we already know is a good feature
13 and works in the market system. And I believe you
14 all join me in wishing him well and getting out of
15 the hospital as soon as possible.

16 I'm going to open it to public comment.
17 Kari Smith from Power Light.

18 MS. SMITH: Thank you, Commissioner
19 Moore, and the other Commissioners. I'm happy to
20 be here this morning. First of all, I'd like to
21 thank you for rolling over the \$16.2 million, or
22 at least recommending to do so. I think it's
23 really an important time in the solar industry
24 right now, and it's an important move.

25 However, I'd like to comment on a number

1 of things that the staff has recommended this
2 morning, starting with the interpretation of
3 SB 90, which I've studied very carefully. And the
4 language does say that the allocation of funds
5 should be divided amongst available funds within
6 the Buydown Account. And available funds clearly
7 includes AB 29 monies. Those monies were put into
8 the Buydown Account and are clearly administered
9 by the California Energy Commission.

10 And if you look at the \$30 million, and
11 I'm counting the \$8 million that went to 10
12 kilowatts and below that are currently
13 administered by the Muni's but were received
14 originally by the California Energy Commission, if
15 you look at that 60 percent of available funds are
16 being allocated to residential customers. And
17 this 16.2 could very easily be allocated to medium
18 and large and remain consistent with the intent of
19 SB 90.

20 And you opened your comments this
21 morning with the feeling of perhaps there had been
22 political pressure, but I think it was just a
23 clarification of the intent of SB 90 and that it
24 would address available funds. So that's my first
25 point that I'd like to make.

1 Secondly, we approached the Commission
2 earlier this spring in asking for the \$16.2
3 million rollover, and at the time there was a
4 response that there was no need in the market,
5 that these funds were unallocated. But I would
6 submit to you today that the medium and large
7 funds have been oversubscribed for many months
8 since that time, and that AB 90 monies were rolled
9 over in May and the residential account has been
10 fully funded for many months. So that there is
11 currently \$26 million in the residential account
12 and zero in the medium and large.

13 And these funds are necessary for local
14 governments, for parks. Many of our clients, our
15 customers represent regional parks, state parks,
16 federal parks -- Yosemite is one of the customers
17 that would like to expand and cannot because of
18 lack of funds right now -- churches, other
19 organizations of faith and businesses. So all of
20 these accounts currently are at a standstill
21 because there are no funds.

22 The finance plan did not pass,
23 unfortunately. It got stuck in the Legislature
24 because it was linked to other bills that also did
25 not pass, and so there are no additional funds, no

1 foreseeable funds for these accounts.

2 Another reason to perhaps roll the \$16.2
3 million over and make it available to customers
4 who are waiting in the wings and in the queue as
5 Marwan mentioned. He mentioned 100 kilowatts of
6 unserved customers. I would submit that it's
7 much higher than that. Power Light alone has
8 submitted over three megawatts worth of projects
9 that are currently sitting and can't go forward.

10 Finally, I'd like to respond to the
11 comments that these larger projects can be met
12 with funds at the PUC, and we have been working
13 very diligently with the PUC, with Loretta Lynch's
14 office directly, with the other Commissioners at
15 the PUC. And they have made every effort to make
16 these funds available to the market, it's true;
17 however, the utilities are the ones, they are the
18 agents who are administering these funds. The PUC
19 doesn't have direct control over these monies.

20 And the utilities, as you know, are
21 filing for bankruptcy. It is a very serious issue
22 in our state. PG&E and Edison both are at the
23 brink of bankruptcy, that is their statement at
24 the California Legislature. And they have sent
25 letters, direct letters to our customers saying

1 that they will not fund these programs, or they
2 reserve the legal right not to fund these
3 programs.

4 So I don't think it's entirely fair or
5 appropriate to say that medium or large customers
6 can go to any other place other than the
7 California Energy Commission to have these
8 programs funded, because that's not the reality in
9 our state today. And so I ask you to reconsider
10 this recommendation because I think these projects
11 are very important to the State of California and
12 also very important to the PV industry as a whole.

13 I noted in your initial comments also
14 that you stated that it was important to fund all
15 market sectors, and I agree with that. It's
16 important to fund the residential sector, the
17 local government sector, and the business sector.
18 And I think that the residential sector is very
19 well serviced at this time. There is \$26 million
20 in that account. To raise that account to \$38
21 million at this time and leave the medium and
22 large accounts at \$4 million I don't think is
23 adequately serving all sectors.

24 So again, I appreciate your efforts to
25 increase the fundings in this overall Emerging

1 Account or Buydown Account, but I ask you to
2 reconsider how you distribute those funds and I
3 believe that it would be entirely appropriate to
4 redistribute these funds to medium and large and
5 remain consistent with the intent of SB 90. It is
6 true that you can legally put all of the money
7 into the residential account if you chose to do
8 so, but I don't think you would be serving the
9 public interest in doing so. Thank you.

10 ACTING CHAIRMAN MOORE: Thank you very
11 much.

12 Anoosh Mizany. Good morning.

13 MR. MIZANY: Good morning, Commissioner.
14 Thank you for the opportunity to speak before this
15 Commission. I am also from the solar industry. I
16 am the president of Solar Depot and I also serve
17 on the Board of Directors of CALSEIA. I'm also a
18 past president of CALSEIA.

19 I beg to differ with my colleague, Kari
20 Smith, in asking for recommendations against what
21 Mr. Marwan had suggested. I believe that the
22 funds from the PUC are available, as you said
23 yourself, that the head of the PUC, Loretta Lynch
24 has assured that the funds will be spent in a
25 timely manner. And also, really we need to

1 recognize that the source of the funds is not from
2 the PG&E but from the funds that they're
3 authorized to collect and, therefore, there is
4 money that's allocated and is sure to be spent in
5 the proper manner.

6 Ms. Smith referred to their systems in
7 non-profit segments and churches and schools and
8 things like that. There are also lots of small
9 systems that are going on churches and schools.
10 There are also a lot of small businesspeople in
11 the State that are relying on the business that's
12 generated by this generous subsidy from the State
13 for solar, and all it takes is one or two of the
14 large megawatt project to eat up all the funds and
15 put a lot of people, smaller businesspeople in
16 distress.

17 There is also a built-in inequity
18 already in favor of the larger systems in that the
19 rebate amount is equal for both small and larger
20 systems, but at the same time we know that the
21 per-watt costs of the larger systems is really
22 less and, therefore, they tend to get a bigger
23 share of the installed cost of the system from
24 these incentives. Thank you.

25 ACTING CHAIRMAN MOORE: Thank you. I'm

1 sorry --

2 COMMISSIONER PERNELL: A question?

3 ACTING CHAIRMAN MOORE: -- Mr. Pernel
4 has a question for you, sir.

5 COMMISSIONER PERNELL: Excuse me, are
6 you in favor of the Committee's recommendation?

7 MR. MIZANY: Yes, I am in favor of the
8 Committee's recommendation.

9 COMMISSIONER PERNELL: Thank you.

10 ACTING CHAIRMAN MOORE: Thank you, sir.
11 Mr. Ponder.

12 MR. PONDER: Thank you, Commissioner
13 Moore and the other Commissioners. I'm Steve
14 Ponder with FPL Energy and I'm here representing
15 my company today, but also having spoken with
16 Steven Kelly in the hospital would like to echo
17 his comments. And also, Nancy Raider today is ill
18 and unable to be with us.

19 And I think all three of us are on the
20 same page, which is basically we don't support the
21 Committee's recommendation. We would prefer a
22 delay in any decision, in part based upon the
23 uncertainty that some of the other speakers I
24 think have alluded to. As early as January we all
25 know what was happening to the power prices this

1 year in California, and compare that to where we
2 are today. Look at the events of 9-11 and what
3 happened there and, as I understand, oil prices
4 futures dropped 15 percent as of yesterday. And
5 the bankruptcy, PG&E is already there and Edison
6 is on the brink, and, as you know, the Governor is
7 considering bringing the Legislature back for a
8 third extraordinary session.

9 So with all of this going on, my
10 suggestion would be to at least wait until the
11 Governor comes back with the Legislature, and also
12 I would suggest maybe a study that you might want
13 to consider is the effectiveness of the dollar
14 spent to date on the various categories. And I
15 think it would show, first of all, a very
16 successful program, and certainly Marwan and the
17 people that work for him, and you, Commissioner
18 Moore and the others that have worked on this so
19 hard should be commended, but also I think you'll
20 start to see some discrepancies.

21 And my real concern is that we will end
22 up with not enough dollars on the existing side
23 based upon just what's happened in the last few
24 weeks here, and maybe not an effective use of
25 dollars in some of the other categories, and so,

1 therefore, I would suggest some delay and sort of
2 catch-our-breaths here. And, as I understand it,
3 you really don't have to act until the end of 2001
4 anyway. So that concludes my remarks.

5 ACTING CHAIRMAN MOORE: Thank you,
6 Mr. Ponder.

7 Questions?

8 Thank you, sir.

9 Jonathan Hill. Good morning.

10 MR. HILL: Good morning. Thank you,
11 Commissioners, esteemed staff.

12 For 20 years Sierra Solar Systems, my
13 company, has been providing photovoltaic power
14 systems in Northern California. We specialize in
15 systems under 10kw. Most of our customers are
16 currently participating in the Emerging Buydown
17 program and list the program as the single
18 deciding factor in purchasing a PV system.
19 Several have already mentioned postponing system
20 purchases if the supply of rebate funds is
21 interrupted.

22 We support the Commission's decision to
23 allocate an additional \$16.2 million to the
24 Emerging Account. We also support the
25 Commission's decision to maintain the current

1 allocation percentages within 60 percent going to
2 small systems 10kw and under. It is my belief
3 that the more highly visible small residential PV
4 systems that we install in local neighborhoods,
5 the more acceptance PV will receive.

6 We have seen that when a system is
7 installed, neighbors often also purchase systems.
8 A large number of small residential and commercial
9 PV projects will go much further toward gaining
10 public acceptance for PV than a few larger ones.
11 The small residential and commercial PV market
12 sector has just begun to grow. It is very
13 important to maintain the momentum that we have
14 accumulated. Thank you very much for your
15 consideration.

16 ACTING CHAIRMAN MOORE: Thank you, sir.

17 COMMISSIONER LAURIE: Thank you.

18 ACTING CHAIRMAN MOORE: No questions?

19 Thank you.

20 Duane Campbell. Good morning.

21 MR. CAMPBELL: Thank you. Good morning.

22 I really appreciate the opportunity to speak
23 before the Commission. I'm a solar contractor,
24 been in business for over 20 years as well. Our
25 company employs 22 employees and have found the

1 Emerging Renewables program to be very successful
2 at getting small systems out across the Bay Area.
3 We operate throughout the San Francisco Bay Area.

4 I would like to share a couple of
5 examples, actually, of how effective the program
6 has been. I think that there is nothing more
7 powerful than having a system in every
8 neighborhood. We have found that to be the case
9 by, one example is simply that we did a system for
10 Mr. and Mrs. Clark.

11 They now are building a home -- That
12 happened to be over in one of the East Bay
13 suburbs. Their friends saw that system, they are
14 now building a house right in front of the
15 Lafayette BART station. We now have a solar
16 system powering the construction of that house
17 with a banner on it in front of the Lafayette BART
18 station where how many? Tens of thousands of
19 people travel every day and see that solar system
20 used to construct the house, and then eventually
21 that system will actually be enlarged to
22 accommodate the whole house construction.

23 I've had several people call up, oh,
24 yeah, you're doing that system off the BART
25 tracks, right? Yes, so that high degree of

1 visibility is important.

2 I think that also too it's important
3 that the Commission make sure that monies are
4 available for the public because this is their
5 only program to gather the steam necessary to put
6 these systems in everybody's neighborhood, for the
7 Commission to show in good faith that you are
8 behind the concept of distributed generation, that
9 you want this vehicle maintained brings the
10 credibility of the viability of these systems, and
11 maintains that at the level that it should be,
12 which is that it is an ongoing program, it is
13 something that is of value and doesn't suffer
14 starts and stops. That would be very
15 counterproductive to our efforts.

16 And that's really all I have to say at
17 the moment. Thank you very much for the
18 opportunity.

19 ACTING CHAIRMAN MOORE: Thank you. Good
20 luck to you.

21 Don Lowebug.

22 MR. LOWEBURG: Thank you. I'm here
23 representing Independent Power Providers, IPP. We
24 are companies, if I liken to our company,
25 companies that again primarily -- not exclusively,

1 but primarily emphasize or install smaller
2 systems, systems that are in the 10kw and under.
3 IPP, in terms of its California membership, has
4 about 25 members. Some of those members are here
5 speaking to you today.

6 And I just want to support the
7 Commission's role over \$16.2 million and support
8 the 60/40-percent split that has been I think
9 fair. I won't address the various issues that
10 have been very well spoken to, but again, I want
11 to thank the Commission staff for what we think is
12 a very successful program and we intend to see
13 continued growth in the small PV market. Thank
14 you.

15 ACTING CHAIRMAN MOORE: Thank you very
16 much, Don.

17 Let me just -- Is there anyone else in
18 the public who would like to address us? All
19 right, two more people. All right, come on up.

20 Introduce yourself for the record.

21 MR. BOTTENBERG: Good morning. My name
22 is William Bottenberg from EcoEnergies in
23 Sunnyvale, California. Thank you for allowing us
24 to make a comment.

25 We would like to speak in favor of the

1 staff's recommendation because we believe that
2 this will give the greatest leverage for the
3 State's contribution to development of a
4 substantial renewable energy business in
5 California. This is because there will be a far
6 greater number of systems installed which will
7 produce visibility as well as opportunity for a
8 larger number of companies to participate in the
9 business, which I think is crucial at this point.

10 Rather than tying the money up in a few
11 very large systems, I think the State will get
12 more advantage by having money allocated to a
13 larger number of smaller systems. Thank you.

14 ACTING CHAIRMAN MOORE: Thank you, sir.

15 And there was a gentleman in the back
16 row.

17 MR. GERBER: Good morning. Thank you
18 for letting me talk. This is Gary Gerber, Sun
19 Light and Power Company, Berkeley, California. I
20 am also a solar contractor. I've been in business
21 for over 25 years. We have in excess of 25
22 employees.

23 I just want to comment that because I've
24 been in business this long, I was around for the
25 catastrophe of 1985 when we lost all of our tax

1 credits, both federal and state. And I watched,
2 almost every solar company I knew of went out of
3 business at that point. We were in a point of
4 growing at that time and it just put a complete
5 stop to everything. Duane's company was around
6 back then too and we're a few of the survivors,
7 but there weren't very many of us.

8 And I just would like to see this
9 incentive continued and made as steady and as
10 consistent as possible. We do just mostly 10kw
11 and under systems as well, although we are doing
12 some larger systems. But I think that that
13 program and the visibility that it has and the
14 number of companies that are doing the small
15 systems greatly outweighs the benefit that would
16 be had by a few of the larger systems. Thank you.

17 ACTING CHAIRMAN MOORE: Thank you very
18 much.

19 COMMISSIONER LAURIE: Thank you.

20 ACTING CHAIRMAN MOORE: Anyone else in
21 the public who would like to speak?

22 Let me introduce Nancy Raider's letter
23 and just summarize. She urges the Commission to
24 preserve all of the funds that remain in the
25 Existing Account, and Mr. Ponder alluded to this

1 so I'm just going to highlight a couple of other
2 things here. She says that basically with the gas
3 prices falling, SRAC prices will, of course, fall
4 and we'll be paying out more money. We'll be
5 liable for a potential deficit, and that we need
6 to be frugal and prudent with this. And she's
7 urging us to basically hold the line and not make
8 any reallocations at the current time.

9 Gentlemen, and I'm bringing this back to
10 the dais, and simply say that you can see from the
11 testimony that we've received today that this is a
12 very dynamic process and one which involves
13 tensions from all sectors of the industry, and we
14 have had a very great balancing act trying to make
15 sure that we were covering as many and as
16 consistently the systems as we could over time.

17 There is no attempt here to find a bad
18 guy or in any way discriminate against large
19 versus small systems. They're all very important
20 for the overall community and they all add
21 something, and it's our job as the decision-
22 makers -- We have to bite the bullet up here every
23 week and make hard decisions -- to use our
24 judgment and say how this allocation best
25 accomplishes the aims of both the SB 90 and AB

1 1890 before that policy arena and the 29x arena.

2 These are our best recommendations at
3 the current time. I'm very respectful of what
4 Mr. Ponder said and Ms. Raider about the Existing
5 Accounts, and believe me, I get a briefing every
6 week on what the status of the accounts are. And
7 if there is a trend that takes us in jeopardy, I
8 bring it to the Committee, and we would be back to
9 the Commission virtually within the week to tell
10 you that we needed a change and we needed to
11 modify it. So this is not something that we set
12 in motion and then don't revisit on a continual
13 basis.

14 And second, let me just say that
15 Ms. Smith was right: We were not intending to
16 make a reallocation earlier on, but we were
17 presented with some pretty persuasive evidence and
18 I think, thanks to the lobbying of people like
19 Power and Light, we did, in fact, free up the \$16
20 million in this recommendation that we were not
21 intending to do at this time. We were intending
22 to hold off until later. So I think that that
23 lobbying has paid off and, frankly, has resulted
24 in a reallocation of funds that probably wouldn't
25 have happened had we not been persuaded otherwise.

1 So I guess I would just say that it
2 works. You can talk to us and we listen, and we
3 monitor the market continuously -- Actually, the
4 staff does monitor, very capable staff. We are
5 blessed by their talents. So we monitor it
6 carefully.

7 Are there questions for staff at this
8 time?

9 I'm going to use the prerogative of the
10 Chair and offer a motion to approve the
11 recommendation from the Electricity and Natural
12 Gas Committee regarding the Renewable Resources
13 changes in allocation and changes to the
14 Guidebooks, as outlined by our counsel.

15 COMMISSIONER LAURIE: Second the motion,
16 Mr. Chairman.

17 ACTING CHAIRMAN MOORE: Seconded by
18 Commissioner Laurie. Is there discussion on the
19 motion?

20 All those in favor signify by saying
21 aye.

22 (Ayes.)

23 ACTING CHAIRMAN MOORE: Those opposed?

24 That motion carries four to zero, and we
25 are adjourned to an Executive Session next door on

1 a matter of litigation. Thank you all.

2 (Whereupon, at 11:12 a.m., the business
3 meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, JAMES RAMOS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Workshop; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said workshop, nor in any way interested in outcome of said workshop.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of October, 2001.

JAMES RAMOS

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